

RECORDATION NO. 24454-G FILED

MAY 20 '04

3-39 PM

SURFACE TRANSPORTATION BOARD

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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

May 20, 2004

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) copies of a Memorandum of Head Lease, dated as of May 20, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Lease previously filed with the Board under Recordation Number 24454-B.

The names and addresses of the parties to the enclosed document are:

Head Lessor:	Lloyds TSB Equipment Leasing (No. 5) Limited C/o Lloyds TSB Leasing 25 Gresham Street London EC2V 7HN England
Head Lessee:	North America Rail Leasing #2 LLC (successor by merger to North America Rail Leasing #1 LLC, d/b/a Babcock & Brown Rail Leasing) 230 Park Avenue New York, NY 10169

Mr. Vernon A. Williams
May 20, 2004
Page Two

A description of the railroad equipment covered by the enclosed document is:

150 flatcars AOK 21230 – AOK 21379
164 boxcars UP 354450 – UP 354614 (excluding 354544)
150 boxcars AOK 120000 – AOK 120149
200 flatcars BNSF 562675 - BNSF 562874
451 gondola cars PSTX 1001 – PSTX 1451

A short summary of the document to appear in the index follows:

Memorandum of Head Lease

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed documents to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

RECORDATION NO. 24454-6 FILED

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SURFACE TRANSPORTATION BOARD
EXECUTION VERSION

MEMORANDUM OF HEAD LEASE

THIS MEMORANDUM OF HEAD LEASE, dated as of this 20th day of May, 2004, made by Lloyds TSB Equipment Leasing (No. 5) Limited, a limited liability company incorporated under the laws of England and Wales (the "Head Lessor") and North America Rail Leasing #2 LLC (d/b/a Babcock & Brown Rail Leasing), a Delaware limited liability company (the "Head Lessee") and, together with the Head Lessor, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Parties wish to amend that certain Memorandum of Head Lease dated as of May 15, 2003 (the "BBRL I Memorandum"), between the Head Lessee (as successor in interest to North America Rail Leasing #1 LLC) and the Head Lessor;

WHEREAS, the Head Lessor and the Head Lessee entered into that certain Master Railcar Head Lease Agreement (COMBI I) dated as of December 19, 2003 (as amended, supplemented and modified, the "Head Lease"), as further supplemented by (i) Supplement No. 4 to Master Railcar Head Lease (COMBI I) dated as of May 20, 2004 (covering the equipment listed on Schedule A hereto) and (ii) Supplement No. 5 to Master Railcar Head Lease (COMBI I) dated as of May 20, 2004 (covering the equipment listed on Schedule B hereto and formerly recorded under the BBRL I Memorandum) (the equipment listed on Schedule A and Schedule B hereto, collectively, the "Equipment");

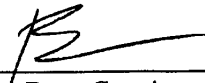
WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Head Lease, and the respective interests therein of the Parties, including, but not limited to, the leasehold interest of the Head Lessee in the Equipment, and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, by this instrument the Head Lessor hereby leases and confirms the lease of the Equipment to the Head Lessee in accordance with the terms and conditions of the Head Lease, and the Head Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

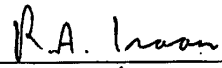
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this instrument has been duly executed by the Parties
hereto as of the date first above written.

NORTH AMERICA RAIL LEASING #2 LLC
(d/b/a BABCOCK & BROWN RAIL LEASING),
as the Head Lessee

By: 
Name: Bruce Carusi
Title: Vice President

LLOYDS TSB EQUIPMENT LEASING (NO. 5)
LIMITED, as the Head Lessor

By: 
Name: Robin A. Psacys
Title: Attorney-in-Fact

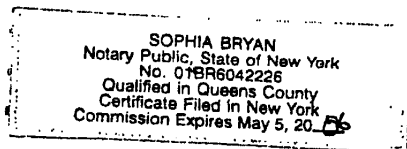
MEMO OF HEAD LEASE

State of NEW YORK)
)
County of NEW YORK)

On this, the 28th day of May, 2004, before me, a Notary Public in and for said County and State, personally appeared Bruce Carusi, a Vice President of North America Rail Leasing #2 LLC (d/b/a Babcock & Brown Rail Leasing), who acknowledged himself to be a duly authorized officer of North America Rail Leasing #2 LLC (d/b/a Babcock & Brown Rail Leasing), and that, as such officer, being authorized to do so, he executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.


Name: Sophia R
Notary Public
My Commission Expires: May 5 2006
Residing in: New York



MEMO OF HEAD LEASE

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

On the 19th day of May in the year 2004 before me personally came Robin Alexander Isaacs to me known, who, being by me duly sworn, did depose and say that he resides at 25 Gresham Street, London EC2V 7HN; that he is the Head of Legal and Assistant Company Secretary of Lloyds TSB Equipment Leasing (No. 5) Limited, the entity described in and which executed the above instrument; and that he signed his name thereto by authority of the board of directors of said corporation.



Notary Public

[Notarial Seal]

Nancy K. Lucas
Notary Public, State of New York
NO. 02LU9004763
Qualified in Nassau County
Certificate filed in New York County
Commission Expires June 30, 2007

SCHEDULE A

Equipment

BC Rail Partnership	150	Boxcars	AOK 120000-120149, inclusive
The Burlington Northern and Santa Fe Railway Company	200	Centerbeam Flatcars	2003 built: BNSF 562675-562678, inclusive; BNSF 562680. 2004 built: BNSF 562679; BNSF 562681-562874, inclusive
Consumers Energy Company	451	Aluminum Coal Gondolas	PSTX 1001-1451, inclusive

SCHEDULE B

Equipment

BC Rail Partnership	150	Centerbeam Flatcars	AOK 21230-21379, inclusive
Union Pacific Railroad Company	164	Boxcars	UP 354450-354543, inclusive; 354545-354614, inclusive

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

May 20, 2004



Robert W. Alvord